

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

RE: Application of Oxy USA, Inc. for Forced Pooling of Interests in a Drilling Unit Affected by Well Number CMB T-7, VGOB 91-0924-0144 in the South Grundy Magisterial District of Buchanan County Virginia

REPORT OF THE BOARD

**NOTICE OF EXPIRATION/TERMINATION OF VIRGINIA GAS AND OIL BOARD (herein "Board") ORDER IN THE ABOVE STYLED CAUSE FOR THE POOLING OF INTERESTS IN OAKWOOD COALBED METHANE GAS FIELD DRILLING UNIT NO. T-7 LOCATED, VANSANT QUADRANGLE, SOUTH GRUNDY MAGISTERIAL DISTRICT, BUCHANAN COUNTY, VIRGINIA (the "Subject Lands" are more particularly described on Exhibit 'A', attached hereto and made a part hereof.**

1. This Notice of Expiration/Termination is entered by the Board after hearing upon its own motion for the purpose of providing notice that the Pooling Order in the above-styled cause which is more particularly set forth and described in Paragraph 2(a) hereof expired and became terminated by its own terms on October 24, 1992, except for any cash sums becoming payable thereunder.
2. Findings: The Board finds that:
  - (a) In the above styled cause, the Board entered its order on October 24, 1991 (herein "Pooling Order") for the pooling of an 80-acre coalbed methane gas drilling unit known as the Oakwood Coalbed Methane Gas Field Drilling Unit No. T-7 which Drilling Unit is set forth and described in the plat attached hereto as Exhibit A (herein "Drilling Unit") The Pooling Order was recorded with the Clerk of the Circuit Court of Buchanan County, Virginia on October 26, 1990 in Deed Book 381 at Page 839.
  - (b) In VGOB Docket No. 91-0924-0144, on July 8, 1993 the Board entered a Supplemental Order Regarding Elections for the pooled drilling unit (herein "Supplemental Order") which Supplemental Order was recorded on July 13, 1993 with the Clerk of the Circuit Court of Buchanan County in Deed Book 411 at Page 370.
  - (c) Pursuant to Paragraph 4 of the Pooling Order, if any payment of bonus or other payment due and owing under the Pooling Order could not be made because of conflicting claims of ownership, defects or clouds on the title and/or because the person was unknown or could not be located, then such cash bonus or other payments were to be deposited by Oxy USA, Inc., the designated unit operator, into an escrow account and held for the benefit of claimants.
  - (d) Pursuant to Paragraph 8 of the Pooling Order, if the Unit Operator did not commence or cause operations of the Drilling Unit and Well to be commenced within 365 days from the date of the Pooling Order, i.e., October 24, 1992, then the provisions of the Pooling Order were to be inoperative and the Pooling Order would terminate, by its own terms, except for any cash sums becoming payable thereunder unless the time of commencement of such operations was extended by further order of the Board.
  - (e) By Board Order entered February 10, 1994 and recorded February 24, 1994 with the Clerk of the Circuit Court of Buchanan County in Deed Book 418, Page 731, the Pooling Order was modified effective as of the end of the day September 30, 1993 to transfer operations of the Drilling Unit from Oxy USA, Inc. to CONSOL Inc. after which date CONSOL Inc. became the Unit Operator as referred to herein.
  - (f) The Unit Operator did not request nor did the Board order an extension of the Termination Date. The Unit Operator has not as of the date hereof commenced operations for the drilling the Well; therefore, on October 24, 1992 the Pooling Order terminated by its own terms, except for any cash sums which became due thereunder.

3. **Order:** By this Order which is to be recorded with the Clerk of the Circuit Court of Buchanan County, Virginia, the Board:

- (a) gives notice that the Pooling Order and Supplemental Order expired and terminated by its own terms on October 24, 1992, except for any sums becoming payable thereunder.
- (b) instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account (herein "Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described.

Tazewell National Bank  
Trust Department  
c/o Premier Bankshares Corporation  
29 College Drive, P. O. Box 1199  
Bluefield, VA 24605-1199  
Telephone: (540) 322-2242  
Fax: (540) 322-2766

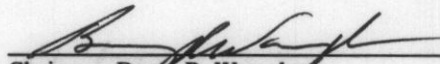
- (c) orders that any payment of bonus or other payment due and owing under the Pooling Order which could not be made because the person entitled thereto could not be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, or because such person could not be located or was unknown, together with any Participating Operator's Proportionate Costs paid to the Unit Operator pursuant to the Pooling Order, if any, be deposited by the Unit Operator with the Escrow Agent within thirty (30) days from the date hereof for the exclusive use of, and sole benefit of the persons entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code 45.1-361.21.D.

4. **Mailing of Order:** The Unit Operator under the captioned order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed within seven (7) days from the date of receipt of this Order to each person whose interest or claim was pooled by the Pooling Order and whose interest or claim was subject to escrow whose address is known.

5. **Conclusion:** Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

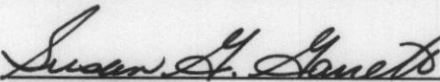
Done and executed this 23<sup>rd</sup> day of October, 1997, by the Chairman of the Virginia Gas and Oil Board.

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

  
Chairman, Benny R. Wampler

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 23<sup>rd</sup> day of October, 1997, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Susan G. Garrett  
Notary Public

My Commission expires 7/31/98



Done and performed this 23<sup>rd</sup> day of October, 1997 by Order of this Board.

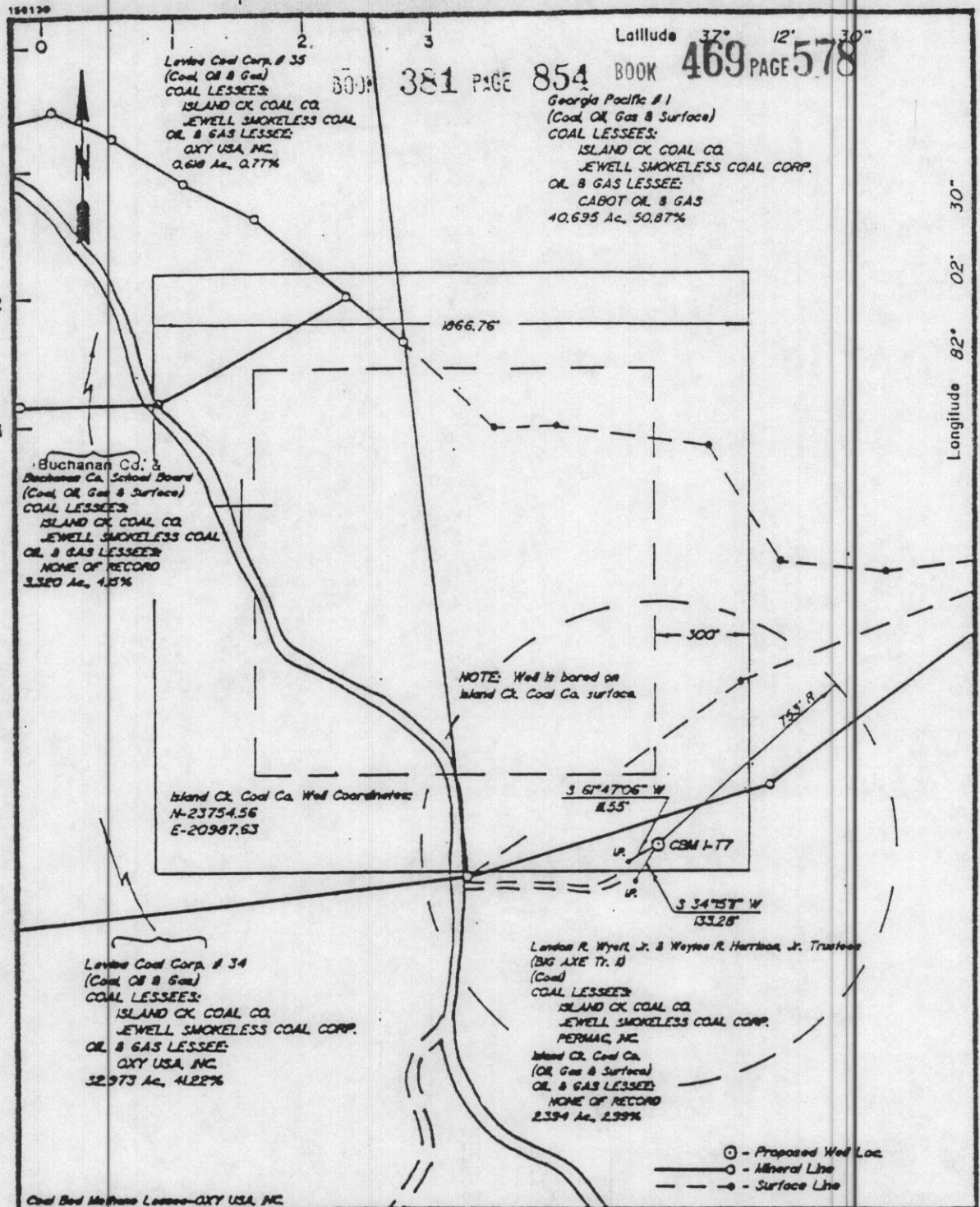
Byron J. Fulmer  
Byron Thomas Fulmer  
Principal Executive to the Staff  
Of the Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 23<sup>rd</sup> day of October, 1997, personally appeared before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis  
Diane Davis  
Notary Public

My Commission expires 09/30/2001



COMPANY Oxy USA, Inc.

ADDRESS Drawer Q, Richlands, VA 24641

WELL NAME CBM I-T7

FARM BIG AXE TRACT 1

LEASE NO. \_\_\_\_\_ ELEVATION 1543.58

ACRES 336 QUADRANGLE Vansant

COUNTY Buchanan DISTRICT South Grundy

REG. ENGINEER X REG. NO. 6992

CERT. LAND SURVEYOR \_\_\_\_\_ CERT. NO. \_\_\_\_\_

# WELL LOCATION MAP

WELL NO. CBM I-T7

+ Denotes location of well on United States  
Topographic Map, scale 1" = 24,000', lat-  
itude and longitude lines being represented  
by border lines as shown.

BALDRIDGE  
CERTIFICATION OF WELL LOC.

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 30th day of October, 1997.  
Deed Book No. 469 and Page No. 575.  
Returned this date to; Dept of Minis

TESTE: James M. Bevins, Jr. Clerk  
TESTE: Patricia L. Mel Deputy Clerk